

SENATE BILL NO. 218

INTRODUCED BY D. MCGEE

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT FOR EMPLOYING MEMBERS OF THE MONTANA NATIONAL GUARD OR MONTANA RESERVISTS IN THE ARMY, NAVY, MARINE CORPS, COAST GUARD, OR AIR FORCE READY RESERVE; PROVIDING THAT THE CREDIT APPLIES TO THE INDIVIDUAL INCOME TAX, CORPORATE LICENSE TAX, AND CORPORATION INCOME TAX; ESTABLISHING CONDITIONS FOR THE CREDIT BASED UPON EMPLOYMENT; AUTHORIZING A CREDIT FOR SELF-EMPLOYED INDIVIDUALS AND EMPLOYERS WHO THEMSELVES ARE MEMBERS OF THE MONTANA NATIONAL GUARD OR ARE MONTANA RESERVISTS IN THE ARMY, NAVY, MARINE CORPS, COAST GUARD, OR AIR FORCE READY RESERVE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Tax credit for employers of members of national guard or ready reserve. (1) An employer is entitled to a credit as provided in [section 2] against taxes otherwise due under this chapter based upon the number of the taxpayer's employees who are members of the Montana national guard or who are Montana reservists serving in the army, navy, marine corps, coast guard, or air force ready reserve.

(2) A self-employed individual or an employer who is a member of the Montana national guard or a Montana reservist serving in the army, navy, marine corps, coast guard, or air force ready reserve is entitled to a credit equal to the amount allowed for a qualified employee.

NEW SECTION. Section 2. Tax credit for employers of members of national guard or ready reserve. (1) An employer is entitled to a credit against taxes otherwise due under this chapter based upon the number of the taxpayer's qualified employees who are members of the Montana national guard or who are Montana reservists serving in the army, navy, marine corps, coast guard, or air force ready reserve.

(2) (a) The taxpayer is entitled to a credit of \$500 for each qualified employee who is a member of the Montana national guard or a Montana reservist serving in the army, navy, marine corps, coast guard, or air force ready reserve on the last day of the tax year.

(b) A qualified employee is an employee who:

(i) (A) is serving under Title 10 if the employee is a member of the Montana national guard or serving under Title 10 of the United States Code if the employee is a Montana reservist serving in the army, navy, marine corps, coast guard, or air force ready reserve;

(B) is employed by the taxpayer on the last day of the tax year;

(C) has been employed for at least 9 months during the tax year; and

(D) has been employed for an average of at least 20 hours a week while employed by the taxpayer during the tax year; or

(ii) would have met the requirements of subsection (2)(b)(i) except that the employee was called to active duty while an employee.

(3) If the amount of the credit under this section exceeds the taxpayer's liability, the credit may be carried forward for 7 years.

(4) If the credit allowed under this section is claimed by a small business corporation, as defined in 15-30-1101, or by a partnership, the credit must be attributed to the shareholders, owners, or partners using the same proportion as used to report the entity's income or loss.

NEW SECTION. Section 3. Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

(2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, and the provisions of Title 15, chapter 31, apply to [section 2].

NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 5. Retroactive applicability. [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2008.

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